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FM AMEMBASSY LA PAZ
TO RUEHC/SECSTATE WASHDC 2116
INFO RUEHAC/AMEMBASSY ASUNCION 6465
RUEHBO/AMEMBASSY BOGOTA 3788
RUEHBR/AMEMBASSY BRASILIA 7666
RUEHBU/AMEMBASSY BUENOS AIRES 4915
RUEHCV/AMEMBASSY CARACAS 2157
RUEHPE/AMEMBASSY LIMA 2245
RUEHMD/AMEMBASSY MADRID 3268
RUEHMN/AMEMBASSY MONTEVIDEO 4351
RUEHNE/AMEMBASSY NEW DELHI 0098
RUEHQT/AMEMBASSY QUITO 4797
RUEHSG/AMEMBASSY SANTIAGO 9389
RUEHUB/USINT HAVANA 0092
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUMIAAA/USCINCSO MIAMI FL
RHEGGTN/DEPT OF ENERGY GERMANTOWN MD
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
RUEHC/DEPT OF INTERIOR WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHEHNSC/NSC WASHINGTON DC

UNCLAS LA PAZ 000136

SIPDIS

SENSITIVE
SIPDIS

STATE FOR WHA/AND LPETRONI
ENERGY FOR SDAY AND SLADISLAW
COMMERCE FOR JANGLIN
TREASURY FOR SGOOCH

E.O. 12958: N/A

TAGS: [EMIN](#) [EINV](#) [ECON](#) [PGOV](#) [BL](#)

SUBJECT: MUTUN NEGOTIATIONS DRAG ON, DESPITE REPORTS OF NEW
BIDDERS

REF: A. 06 LA PAZ 3379

[1](#)B. 06 LA PAZ 2598

[1](#)1. (SBU) Mutun contract negotiations continue, despite January 19 press reports of new bidders. Bolivian Minister of Mining Jose Dalence reportedly said the GOB was looking for "better" offers, after repeated delays in signing a joint-venture contract allowing India's Jindal Steel and Power to develop Mutun, one of the world's largest iron ore deposits (reftels). Dalence added that the GOB had received visits from (unnamed) Indian and Chinese companies with "much more important" offers.

[1](#)2. (SBU) India's honorary consul in Bolivia, acting as Jindal's local representative, declared the reports false, telling Econoff January 19 that he was unaware of other interested parties. He said discussions with GOB officials would resume January 23 and expressed hope of resolving the last "two or three" issues within a few weeks.

[1](#)3. (SBU) Comment: The principal outstanding disputes appear to center on profit sharing and natural gas supply and prices. GOB officials rejected Jindal's offer of a 50/50 profit split and demanded up to 68 percent of profits, while Jindal questioned the GOB's ability to meet gas supply commitments and objected to proposed gas prices, arguing that the GOB initially agreed to higher subsidies. Details remain unclear, thanks largely to the Indian consul's limited understanding of the negotiations and the continuing absence of a Jindal technical team. Given the discussions' repeated set-backs, it seems increasingly unlikely the two sides will sign a contract in the near term, if at all. End comment.

